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December 1944

Marketing

activities

WAR FOOD ADMINISTRATION Office of Distribution

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AMS-1200

Today State and Federal marketing people have a heavy assignment . . . and they're handling it through hard work together.

WHAT ABOUT CIGARETTES?

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Have you tried buying a package of cigarettes lately? Here are some answers you probably didn't get from the man standing thirty-eighth in line just ahead of you when your tobacco retailer announced: "Try me again tomorrow, folks."

MARKET NEWS: FRUITS AND VEGETABLES

This story brings up to date the market news story for one big agricultural commodity group.

THE INVISIBLE FREIGHT RATE FACTOR

Reminder to farmers, orchardists, and stock raisers: A dollar saved in transportation charges is just as good as any other dollar.

OUR PACKERS AND STOCKYARDS LAW

A dealer who failed to pay for livestock he had bought learned about this 22-year-old act. So did a commission man who used for his own purposes the money he had received from sales of shippers' livestock.

BREWER'S YEAST SALVAGE JOB

Brewer's yeast is a rich supplement to poultry and livestock feed. Within the last 2 years the recovery of the yeast from the operations of U. S. breweries has more than doubled.

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. . . . By S. R. Newell

There is hardly a State department of agriculture or bureau of markets that is not familiar with "AMS-1200," because that code symbol identifies a cooperative agreement which signifies a very definite attitude taken by Federal and State marketing agencies toward cooperation in the interest of our war effort.

Cooperative work in the field of agricultural marketing is not new. More than 25 years ago it was recognized that by combining the facilities of the Federal Department of Agriculture with the facilities in the State, both departments could do a better and more complete job. Beginning in a small way and developing one State at a time, the work expanded until at the beginning of the present war cooperative work in the field of marketing had reached every State in the Union on one project or another.

The projects covered by the various agreements were frequently more or less restricted to specific types of work. This was a natural development, considering conditions under which they had been developed over a period of years, but with the war conditions becoming more and more tense and with the advent of lend-lease, it became clear that the job to be done in grading farm and food products would tax every facility to the limit.

In order to be prepared for any emergency and to mobilize all facilities in such a way that the combined forces of Federal and State agencies could be thrown in to meet any situation, an over-all cooperative agreement now famous among marketing people as AMS-1200 was drawn up and signed by 48 States. It is not so much the specific provisions of this agreement that are important, because actually the work that was being conducted under some 350 other agreements was not affected. This catch-all general agreement was simply a means by which all marketing agencies agreed to pool resources in the event situations arose that could not be handled under the then existing agreements. This agreement, then, symbolized the attitude and relationships that had been developed over a long period of time between Federal and State marketing agencies.

Marketing people can all look with some pride on the part they have had in the war. Market reports have provided vital information, so vital in fact that at times it has been necessary to hold all wires open for hourly reports on the progress of marketing. It has been necessary to make forecasts and estimates of production on smaller and smaller geographical units, and to make them more and more frequently on many crops. All of these things have placed an unusual demand on these services and all of the demands have been adequately met.

The grading service particularly deserves commendation. The food supplied under lend-lease has been passed on by the grading and inspection service. It is frequently overlooked that it is the grader who has the final "yes" or "no" on a shipment of food. It was the grader who stopped one shipment of food that had spoiled--a shipment which, had it been used, would have rendered a regiment or more of fighting men ineffective through food poisoning. It is the grading and inspection service that has been called in to supervise the preparation of field rations. It is this service that has caught short weights and has turned thumbs down on substandard lots. In short, the grading and inspection service has been the watchdog over huge supplies of food moving to our allies and to our own boys at the front--the best-fed army the world has ever seen.

Let's take a look at a few statistics on the present status of Federal-State cooperative agreements. In November 1944, 392 agreements were in effect between the Office of Distribution and various State and public agencies. Of this number, 276 agreements were with the State departments of agriculture or bureaus of markets. There were 31 on market news and 51 on the administration of regulatory laws.

Gradings and Inspections Greatly Increased

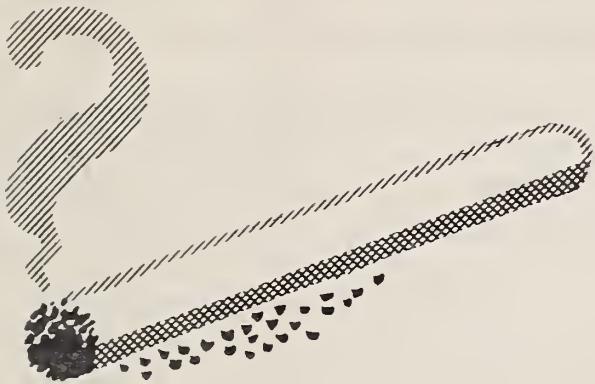
The volume of products graded or inspected has become huge. For example, in the fiscal year 1940 about $5\frac{1}{2}$ million pounds of cheese were graded, as compared with 350 million pounds in the fiscal year 1942 and nearly 300 million pounds in 1944. In 1940, 245 million pounds of butter were graded; by the close of the fiscal year 1943 this had increased to 443 million pounds. Dressed and live poultry had increased from about 12 million pounds in 1940 to about $32\frac{1}{2}$ million pounds in 1943. Gradings of processed fruits and vegetables between 1940 and 1943 had increased from about 11,700 units (a unit is equivalent to 1,000 cases of canned goods) to about 530,000 units. Grading of fresh and frozen beef in 1940 amounted to 544,810,856 pounds. By 1944 it had increased to 7,844,370,469 pounds.

Many other examples of the tremendous job could be cited but enough has been said to indicate the extremely important part taken by all of the marketing services in the prosecution of the war. Handling this assignment has not been easy. There were times when the going got pretty rough but because of the cooperative attitude that has existed for more than 25 years, the job has been done. It would not be right to say that any particular cooperative project contributed any more than another, because every one had an important part.

AMS-1200, though, is a little different. It is the one agreement to which 48 States subscribed at a time when the Nation faced its greatest crisis, and it stands as a symbol of the mutual confidence that has developed between Federal and State marketing agencies through a quarter-century of working together.

WHAT ABOUT CIGARETTES?

. . . . By Emmett Snellgrove



I joined a mad scramble in Washington this morning for a package of cigarettes only to find--as usual--that a few cartons weren't sufficient to satisfy the impatient demands of half a hundred cigarette-starved men and women.

Paradoxically, the scramble in which I participated, with my customary hard luck, is being reenacted literally thousands of times daily in a country whose tobacco resources are at an all-time high level and whose cigarette production (based on withdrawal figures of the U. S. Bureau of Internal Revenue) is nearing twice the volume of record peacetime years.

The situation, therefore, calls for some facts, and here they are:

Two types of withdrawals--taxpaid and non-taxpaid--form the basis of Internal Revenue's record keeping on cigarettes. Taxpaid withdrawals represent the output of manufacturers for consumption in this country by the armed forces as well as by U. S. civilians. Non-taxpaid withdrawals represent shipments abroad, including those to our armed forces, and those distributed free in this country by the Red Cross, the Veterans' Administration, and various penal institutions.

In 1939, taxpaid withdrawals totaled 172.2 billion cigarettes. In 1943, they had climbed to 257.7 billion--the all-time peak level for domestic consumption. Taxpaid withdrawals through October 1944 were 201 billion, about 5 percent less than for the same period in 1943.

In other words, the manufacturers' output of cigarettes for domestic consumption reached a peak in 1943, leveled off early in 1944 (according to monthly figures), and now is declining only slightly. The monthly increase in output (compared with the same month of the year before) was consistent for 36 consecutive months prior to the beginning of 1944.

At the rate of 201 billion cigarettes in 10 months, every man, woman, and child in the country would be entitled to about 70 packages. But of course every man, woman, and child doesn't smoke cigarettes.

Non-taxpaid withdrawals, on the other hand, are increasing. They have risen from virtually nothing in 1939 to 53.1 billion cigarettes (latest available figures) in the first 7 months of 1944. The reason is obvious. Since about 96 percent of the non-taxpaid withdrawals

are for our armed forces abroad, the increase is more or less consistent with the expansion of our personnel in foreign service.

Thus, 1 of every 4 cigarettes produced in America is assigned to our armed forces abroad. For example, if we could assume that there are 10 million men and women in our foreign ranks, each of them should, on this basis, receive about 36 packages a month--better than 1 a day.

Now let's combine the two--taxpaid and non-taxpaid withdrawals--and see where we stand in total volume. Withdrawals in 1941 totaled 218 billion American-made cigarettes. In 1943, the total jumped to 308.7 billion. During the first 7 months of 1944, withdrawals had reached 192 billion and were being produced at a rate which, if continued for the remaining 5 months, would reach a 1944 total of 330 billion cigarettes--more than 20 billion in excess of the 1943 record total. It is estimated that more than 90 percent of the cigarettes produced in this country are packed under familiar brand names.

Deliveries of cigarettes under lend-lease are hardly in the picture. Through October 1944, for instance, such deliveries--virtually all to the British armed services--totaled 2.9 billion fags or only little more than 1 percent of the total withdrawals. Contrary to the general belief, practically the entire volume of lend-lease cigarettes is manufactured in this country from British-owned U. S. tobacco, and every package carries a British brand name. Shipment of these cigarettes will continue under British contract for the next several months at the rate of about 300 million per month.

Why Export Tobacco Today?

Why sell this raw tobacco to the British when we need it so badly ourselves? That's a fair question and here's the answer:

Since American manufacturers have never required the entire production of cigarette tobacco to fill the needs of U. S. smokers, our tobacco growers for many years have wisely sought and encouraged profitable foreign markets for their crop surpluses. In the past, from 40 to 60 percent of our flue-cured crop--the largest class of American tobacco--has been exported. In fact, our export trade in tobacco with England began only a year or so after the settlement of Jamestown. This being true, WFA feels that the producers of our raw tobacco would suffer an irreparable loss should we, even in wartime, deny these export customers their normal share of U. S. tobacco.

Even if our manufacturers had the facilities for turning out the cigarettes, American consumers could not possibly use in 1 year all the tobacco being produced in the United States in 1944. If all the tobacco available from the current flue-cured and burley crops were manufactured into fags, the total would exceed 500 billion, or more than 25 billion packages of 20 each.

Production estimates on November 1, 1944, indicated a tobacco harvest of 1.8 billion pounds this year, about 3.8 percent below the record harvest of 1939. The flue-cured production, which is largely cigarette tobacco, will total 1.06 billion pounds according to current estimates. WFA has allocated the crop to manufacturers--at their own request--on the basis of their unrestricted use of that class of leaf during the 12 months ended June 30, 1944--a period when consumption was at its highest.

The 1944 allocation percentage is 101.5, meaning that cigarette manufacturers this year are buying replacement stocks (tobacco is usually aged about 2 years before using) equivalent to 1.5 percent more than they used from aged stocks during one of the heaviest consumption periods in history. In 1939, the peak production year, manufacturers purchased 632 million pounds of the flue-cured crop; this year they are purchasing 658 million pounds. The most they have ever used in a single production year was 650 million pounds in 1943, the quantity on which the 1944 allocation is based. Although manufacturers are thus assured that present consumption of tobacco will be replaced, there is no assurance that much headway will be made in rebuilding aged stocks which became depleted in former years when production did not keep pace with rapidly expanding consumption. These stocks, normally containing a 2 or 3 years' supply, are now down to about an 18 months' supply based on current use.

An important question remains unanswered. Where are the cigarettes? There probably are several answers. It could be that demand of American smokers is considerably beyond the fabulous production figures indicated. On the other hand, such factors as black markets, hoarding, and faulty distribution could be involved.

Whatever the answer, American cigarette manufacturers are producing almost to the limit of their capacity under wartime conditions.

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MOISTURE-REMOVING PROCESSES IMPROVED

An apparatus which, in making moisture tests, will completely remove all "free moisture" from flour, cereal products, and like materials without damaging other ingredients has been invented by Alfred Christie, a WFA employee.

Operated by the use of high-frequency electric current, the new apparatus makes possible the simultaneous removal of varying amounts of moisture from several samples of material. It also permits a quicker determination of moisture content than is possible by present official methods. The apparatus will be put to use as soon as equipment in suitable form is available. The patent has been assigned to the Secretary of Agriculture.

PROGRAM ANNOUNCED OF MEETING OF NATIONAL
ASSOCIATION OF MARKETING OFFICIALS AT WASHINGTON

Tuesday, December 5, 10:30 a. m., room 5240, South Agriculture Building
Meeting of Executive Committee, other Executive Members Invited.

Wednesday, December 6, 9 a. m., room 3106, South Agriculture Building
Invocation

Statement by the President, N. S. Nichols (Tennessee)

Brief Remarks About the Program, J. H. Meek, Secretary-Treasurer
(Virginia)

Our Silver Anniversary, L. M. Rhodes (Florida)

Post-war Coordination of Federal and State Activities--

R. B. Etheridge (North Carolina), Conference Chairman

Discussion Leaders, C. W. Kitchen, Office of Distribution, War
Food Administration, Washington, D. C.

(Ten minute intermission)

C. M. White (Maine)

F. C. Gaylord (Indiana)

W. W. Anderson (Louisiana)

Miles A. Nelson (Michigan)

General Discussion by Others

Appointment of Committees

Wednesday, December 6, 2 p. m., room 3106

Post-war Planning by States for Standardization and Distribution of
Farm Products--

W. W. Oley (New Jersey), Conference Chairman

Discussion by One or More Members of Congress--

Discussion Leaders, Mrs. Lottie Randolph (Ohio)

Walter A. Felker (New Hampshire)

T. A. Cole (South Carolina)

E. H. Everson (South Carolina)

W. T. Derickson (Delaware)

General Discussion by Others

Transportation After the War, Joe R. Cavanagh, Secretary, National
League Fresh Fruit and Vegetable Distributors, Washington

Announcements

Night Meeting of Committees

Thursday, December 7, 9 a. m., room 3106

Post-war Planning for Market Facilities--

R. G. Bressler (Rhode Island), Conference Chairman

Discussion Leaders, W. C. Crow, Office of Distribution,
War Food Administration, Washington

W. L. Cathey (Georgia)

H. A. Dwinnell (Vermont)

Clarence Johnson (Minnesota)

Fain Cesar (Oklahoma)

S. H. DeVault (Maryland)

H. E. Crouch, Senior Assistant in Marketing, Division of Markets, Albany, N.Y.
General Discussion by Others

(Ten minute intermission)

Packaging and Selling--

Webster J. Birdsall (New York), Conference Chairman
Discussion Leaders, Lt. (jg) J. W. Wardell, USN, Bureau of Supplies and Accounts, Container Section, Washington, D. C.
Ralph Smith, U. S. Bureau of Standards, Washington, D. C.
W. C. Beaven (Maryland)
W. J. Hackett (Alabama)
W. S. Hagar (Pennsylvania)
Rufus M. Howard (Nebraska),
Cecil Hellbusch (New Mexico)
General Discussion by Others

Selling Produce by the Pound, J. A. Anderson, Merchandise Manager, Safeway Stores, Washington, D. C.

Thursday, December 7, 2 p. m., room 3106

Processing and Storing--

Benjamin P. Storrs (Connecticut), Conference Chairman
Discussion Leaders, Gordon C. Corbaley, Editor, "Weekly Food Market Digest," American Institute of Food Distribution, New York, N.Y.
Walter A. Piper (Massachusetts)
Math Dahl (North Dakota)
J. B. McLaughlin (West Virginia)
George Schweis (Nevada)
General Discussion by Others

(Ten minute intermission)

Report of Officers

Reports of Committees

Election of Officers

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BEEF SET-ASIDE EXTENDED

WFA has revised the beef set-aside order to include the operations of all slaughtering plants where more than 51 cattle that produce "army style" beef are slaughtered weekly. Heretofore, any number of persons might slaughter cattle at a plant and no set-aside was required so long as the individual slaughterer did not exceed the 51-head minimum.

Beginning December 4, the set-aside order applies to any slaughterer who has slaughtering done for him or who slaughters in a plant where the weekly slaughter of cattle producing "army style" beef exceeds 51 head, and he will be required to set aside the designated percentages of beef.

MARKET NEWS: FRUITS AND VEGETABLES

. . . . By C. D. Schoolcraft

Last June marked the end of the twenty-ninth year of Federal market news service on fresh fruits and vegetables. For 7 months back in 1915 the Department of Agriculture published reports on a few seasonal products--apples, pears, cantaloups, peaches, strawberries, and tomatoes. "Market stations" were established at Baltimore, Buffalo, Chicago, Kansas City, New York, and St. Louis. The assistant in charge of each city office collected current market information, telegraphed his reports to Washington. In some other cities, members of the trade contributed price information. Bulletins were published at these city offices and also at temporary field offices located at Crystal Springs, Miss., Hammond, La., Jacksonville, Tex., Brawley, Calif., Mesa, Ariz., Rocky Ford, Colo., and North Yakima, Wash. During 1915, a complete bulletin containing all the available information was published at Washington, D. C.

In contrast with this early beginning, WFA's Office of Distribution now maintains 22 permanent fruit and vegetable market offices and around 40 temporary shipping-point offices for periods of from 3 weeks to 9 months each year. Marketing information is distributed to 21 of the permanent offices and 8 of the temporary offices over about 8,700 miles of leased wire. In California, the Los Angeles office and the temporary offices are served by that State's short-wave radio. The other temporary offices and the New Orleans office are served by commercial telegraph from offices located suitably on the leased wire. Access to the leased wire and the news information carried on it is provided to State market news offices at Richmond, Va., Raleigh, N. C., Jacksonville, Fla., Oklahoma City, Okla., Stevens Point, Wis., Sacramento, Calif., Corvallis, Oreg., and Montgomery, Ala.

A total of 8,929,000 mimeographed market reports were mailed to about 60,000 persons and firms during the last fiscal year. Newspapers and the press services greatly increased the circulation of market news reports. During the year 18 of the permanent offices provided regular and special reports on fruits and vegetables to 39 metropolitan newspapers whose total circulation exceeded 10 million. In addition, 14 offices provided briefed reports to from 1 to 3 of the major press services, who in turn sent the reports to their subscriber newspapers over the country--especially those in the smaller towns and cities in producing areas.

The radio continues as an important medium for spreading market news. During the 12 months ended last June, 16 OD permanent market news offices and a few temporary offices furnished radio information to producers, consumers, and the trade over about 235 stations.



At the permanent offices, technical news representatives covered the produce trade during the hours of active trading to obtain for all important fruits and vegetables a complete late account of trading, demand, supplies, quality, condition, prices, and market trends.

A complete record is compiled of carlot, boat, and express receipts by commodities and States of origin, plus diversions and unloads during the previous 24 hours and a

report of the current morning's track holdings. These figures are published on the daily report, and unloads are consolidated into monthly and annual reports for permanent historical record.

The Washington office obtains a daily report covering rail and boat shipments for the previous day (until midnight) on 46 fresh fruits and vegetables by States of origin and for some States by districts. The information is received by telegraph early each morning from each railroad division or boat line that has originated fruit and vegetable shipments.

After consolidation, this information is released over leased wire about 9 a. m. each business day. These reports are eagerly awaited by the shipping and receiving trade and form the basis of much of their trading operations. The Washington office compiles and publishes a weekly comparative report on rail and boat shipments, and an annual report on shipments by commodities, States, and months. In cooperation with State offices of the Bureau of Agricultural Economics, annual reports for each State are published showing shipments by commodity, county, waybilling station, and month.

Truck receipts are recorded and reduced to carlot equivalents by the Federal news offices in 10 cities. In 4 other cities truck receipts are collected under cooperative agreement with the State.

Each permanent office consolidates into a daily mimeographed report the local market report on prices and trading conditions, the local report on arrivals and track holdings, truck receipts (in markets where they are collected), f. o. b. reports from shipping areas where offices are maintained, carlot shipments, and in some offices limited information on conditions in other city markets.

Information on local receipts and track holdings, market tone, and prices is sent over the leased wire in code for use in shipping areas and other market offices.

Reports similar to those from the permanent offices are issued by the temporary field offices. They differ in that they cover only the commodities marketed from the local shipping area. The local market is reported, and there are telegraphic reports from competing producing areas and reports from the major terminal markets. Included is complete shipping information, with destinations, passings, and diversions.

In 16 States expanded services are made possible through cooperative agreements with States. The extent of the cooperation varies greatly. In some States the total cost of operation of the news work is divided about equally between the State and Federal Governments, whereas in others it may consist of a relatively small contribution of funds or of the employment of a clerk. Most States cooperate primarily in the operation of temporary offices, but a few States contribute heavily to permanent office operation.

Of late, the fruit and vegetable market news service has been called on for much specific information both current and historical on supply, marketing, and price situations in the development and operation of WFA programs of price support, diversion, surplus removal, and "set-aside" orders. The service has been able to furnish this information to WFA, and similar information to other Government agencies as well, because of its grower, shipper, and trade contacts.

Since it began, "Market News" in effect has been the eyes and ears of the fruit and vegetable industry. Today all segments of the industry depend heavily on the service for up-to-the-minute information on the harvesting, marketing, and distribution of the country's 2½-billion-dollar commercial fresh fruit and vegetable crop.

WFA SELLS \$1,219,748 WORTH OF FOOD IN OCTOBER

WFA sales of Government-owned foods totaled \$1,219,748 in October--\$487,176 less than September sales. Returns from the sale of all food that WFA sold from Government-owned stocks from May 1 through October 31 amounted to \$23,219,099. More than half of this amount came from the sale of eggs that were purchased by WFA to support producer prices. Other foods sold were commodities not needed to meet the requirements of war agencies or which were sold from Government reserves in the normal process of turning stocks. The sales included fruit and vegetable products, \$913,322; grain and cereal products, \$208,224; dairy and poultry products, \$79,338; miscellaneous commodities, \$18,104; and fats and oils, \$760.

THE INVISIBLE FREIGHT RATE FACTOR

. . . . By Charles B. Bowling

For agricultural commodities, the freight charge is often a large part of the sales price. Yet this very important business item is the last one that many a farmer thinks about--if indeed he thinks about it at all. The infrequent consideration of freight rates by most farmers and farm organizations remains a mystery to transportation men who know the difference in net returns that inequitable freight rates can make.

Of course, there is nothing invisible about the freight bill the farmer pays for supplies shipped to his farm. If he orders a tractor part, for example, and pays cash for it at the freight office, he realizes that the more freight he pays on that part, the less his farm will bring him in profits. That cost to him is easy enough to see.

But the products he ships from his farm to market weigh more and they bulk larger than the materials shipped to his farm. Even if the farmer sells his products f. o. b. the farm, the buyer considers every charge necessary to get the products from farm to market, and the farmer's price shrinks proportionately. Whether the farmer pays the freight bill or not, these charges always back up on him and are reflected in his net returns.

For example, take grain shipped from North Platte, Nebr., to Omaha. The present applicable freight rate per 100 pounds on grain is 19 cents, or 11.4 cents per bushel. When wheat is selling for \$1.60 per bushel at Omaha, and the freight charges amount to 11.4 cents per bushel, then the latter amount must be deducted by the purchaser when the offer is made for the farmer's product f. o. b. North Platte. Therefore, the farmer would get only \$1.486 per bushel at North Platte, less other marketing charges.

Any increase or decrease in the level of grain freight rates to Omaha directly affects what the producer at North Platte receives for his wheat. If freight rates were to be increased by, say, 10 percent (which in this instance would approximate 2 cents a hundred pounds, or over 1 cent per bushel), the farmer would get that much less per bushel for his wheat at North Platte. A 100,000-pound carload of wheat would net the farmer \$20 a carload less for his tonnage. So he would pay more for the same transportation service with \$20 a carload less income for every carload of grain he produced. Even if he doesn't pay the freight bill, he bears those charges.

The American farmer is concerned with other transportation charges than freight rates. Directly related to his shipping costs are car rentals and charges for icing and heating, transit, demurrage, switching, reconsignment, storage, and other services.

The farmer has also an interest in the transportation charges that are paid to get his produce from the processing point to the consumer, because the total distribution charges affect the price asked for his produce at the market place.

The farmer pays the freight, but farmers cannot be expected to understand the intricacies of freight rates. The War Food Administration has a group of rate and traffic specialists who work to protect the farmers' interests.

WFA's position in the matter is sometimes misunderstood. The War Food Administrator cannot fix rates. But he can appear before the Interstate Commerce Commission as a party of direct interest and offer exhibits and testimony in behalf of agricultural producers. This power was given to the Secretary of Agriculture in the Agricultural Adjustment Act of 1938 and later transferred to the WFA, which receives from the ICC copies of all complaints formally filed with it affecting rates and services on agricultural products.

All petitions filed by railroads with the ICC seeking authority to abandon parts of their tracks and branch lines are carefully scrutinized. Oftentimes a line serves highly productive agricultural areas. WFA attempts to protect the farmer's interests and to insure maintenance of adequate transportation facilities--particularly now in wartime when trucks are fast leaving our highways.

During the year ended last June 30, WFA's commodity transportation specialists handled 147 new projects of which 43 were important enough to require formal handling with the ICC.

On the average, each State was affected by 39 projects. Missouri was affected by the most (58) whereas Montana was affected least (24). These activities included every item in the list of raw agricultural products as well as most of the processed articles. States producing a wider variety of agricultural products usually are interested in a relatively greater number of rate adjustments.

Many of the activities affect more than one State. And those concerning the general freight rate increase case in which WFA efforts were successful in having the proposed increases held in abeyance until January 1, 1945, affect every State. Savings in this case for agriculture amount to upwards of 75 million dollars a year.

Incidentally, steps have been taken in this case, in cooperation with State, farm, and trade organizations, to have these increases canceled. Hearings on the cancellation have been held by the ICC, and the matter awaits decision.

Another important accomplishment for farmers has been the arrangement with the railroads for half-stage icing, with reduced icing charges.

Until recently, to ship perishable freight in refrigerator cars, shippers had to pay for full bunkers (the compartments at each end of the car) of ice, although bunkers filled only halfway are enough to protect the lading. The new arrangement followed WFA's instituting of a formal case before the ICC. After the war, when the railroads are able to get back to old or perhaps faster schedules, the use of half-bunker icing for all perishable freight could well save agricultural producers $2\frac{1}{2}$ million dollars a year.

Other accomplishments during the 1944 fiscal year and the estimated annual savings effected include: Reduced rates on returned used fruit and vegetable containers--\$433,500, on fresh vegetables from Texas--\$855,400, on peaches from North Carolina--\$90,000; transit arrangements on cotton--\$65,000, on many agricultural products by Gulf ports and steamship lines--\$585,000; suspended rate increases on soybean and corn oils--\$600,000.

WFA's most ambitious project at present is an investigation of the general freight rate structure on wool. If WFA succeeds in this litigation, in which every wool rate in the country will be attacked, literally thousands of rates will be reduced--with consequent benefits to wool producers.

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AMENDMENT TO WFO 73 AFFECTS INTERMEDIATE DISTRIBUTORS

Intermediate distributors, who sell set-aside and restricted foods to contract schools, marine hospitals, and maritime academies, are now required to endorse the original purchase certificates received from these institutions and to pass them on to suppliers. The new requirement is effective December 1, 1944, under an amendment to WFO 73. Heretofore, certified copies of the certificates have been sufficient.

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PEANUT BUTTER SUBSIDY UNCHANGED

Until further notice, no change will be made in the peanut butter subsidy of $4\frac{1}{2}$ cents a pound that has been in effect on sales by manufacturers since November 1, 1943, according to an announcement by WFA in answer to many inquiries.

The subsidy payment is restricted to sales to primary distributors, wholesalers, and retailers in containers of 2-pound size or smaller when the product is intended for home consumption. No subsidy is paid in connection with the sale of peanut butter for use by the military services, institutions, or the candy trade or other industrial users.

PORK SET-ASIDE PUT
ON LIVE-WEIGHT BASIS

As a means of simplifying and of obtaining a more uniform application of the pork set-aside order, WFA has changed the basis of computation from percentages of the various pork cuts to percentages of the live weight of hogs slaughtered.

For example, instead of requiring packers operating under Federal inspection to set aside 30 percent of the total weekly loin production, WFA will now require these packers to set aside a quantity of loins weighing not less than 3 percent of the total live weight of each week's slaughter of hogs.

Under amendment 3 to WFO 75-3, WFA now requires meat packers operating under Federal inspection to set aside for Government procurement the following percentages of each week's production of certain cuts of pork:

Frozen pork sides or Wiltshire sides, 4 percent of the total live weight of the week's slaughter of hogs. These are to be prepared as frozen sides weighing not less than 48 nor more than 100 pounds, or as cured Wiltshire sides. Packers previously were required to set aside frozen sides equal to 6 percent of the total carcass weight of the week's slaughter.

Loins, 3 percent of the total live weight of each week's slaughter of hogs, to be prepared so as to conform, in weight and quality, to specifications of the Government agency to which they are to be delivered. At least 60 percent of the set-aside loins are to be prepared in a semiboneless form. Previous to this amendment, federally inspected slaughterers were required to set aside 30 percent of their total loin production.

Hams, on a live-weight basis, 4.5 percent instead of the former 40 percent of the total production of hams. The requirement that 20 percent be prepared as overseas hams and 10 percent as Army hams remains the same. Shoulder cuts, 8 percent, live-weight basis, instead of 70 percent of the total production of these cuts as under the previous order. Square cuts and seedless bellies, 5 percent, live-weight basis, instead of 50 percent of the production falling between 6 and 20 pounds. Meat packers operating under Federal inspection also will be required to set aside 1.5 percent of the total live weight of each week's hog slaughter as salted fat cuts consisting of fatbacks, plates, jowls, and American cut bellies.

WFO 38, under which the use of palm oil has been restricted since March 1943, has been revoked.

OUR PACKERS AND STOCKYARDS LAW

. . . . By F. W. Miller

The purpose of the Packers and Stockyards Act was to prevent and correct abuses in the livestock marketing, meat packing, and live-poultry marketing industries. The act was passed by Congress in 1921. For some time livestock producers, recognizing the existence of marketing evils at terminal markets, through their associations had sought unsuccessfully the passage of remedial legislation. The Federal Trade Commission, which had recently completed an extensive investigation of the large packers' operations, had issued a report condemning many of these companies' practices.

Many other causes led to the adoption of the Packers and Stockyards Act, but this report, which received considerable publicity and which crystallized public opinion in favor of creating a competent Federal agency to deal with the problem, was the major one. Large packers owned the stockyards and exercised considerable control over commission firms operating at the markets. For these reasons it was generally believed that they dominated the marketing situation to such an extent that they were able to influence the movement of livestock to market, to control prices paid for livestock, to assess exorbitant marketing charges against producers patronizing the markets, and to engage in many other monopolistic and unfair practices that necessarily reduced the prices received by shippers and increased the prices eventually paid by consumers of meat and meat food products.

The type of regulation that Congress provided in the act was quite similar to that already being exercised over the railroads under the Interstate Commerce Act and over other industries engaged in interstate commerce under authority of the Federal Trade Act. The Packers and Stockyards Act singled out the packing industry, the stockyards, and the related business of selling and buying livestock on commission and of speculating in livestock at public stockyards, and prescribed certain broad rules of conduct to govern the operations of these businesses.

The passage of the act signaled the end of a long fight on the part of livestock producers and others to obtain through Federal legislation an effective means of regulating the operations of packers and the marketing of livestock through the stockyards. The wide scope of the regulation it provided and the extent of the authority it gave to the Secretary of Agriculture reflect a real desire by the Congress to give adequate protection to livestock producers that patronize terminal markets.

The act is now being administered by WFA's Office of Distribution. The packers regulated under it are those who buy livestock, in commerce for slaughter purposes, or those who make and ship meat products in commerce. That is, the act covers packers who buy livestock at posted stockyards or at points outside the States in which their plants are



located, and those who manufacture or prepare meats or meat food products for sale or shipment in commerce.

Under the act, such packers may not:

1. Use unfair, unjustly discriminatory, or deceptive practices or devices.
2. Give undue or unreasonable preferences or advantages to persons or localities.
3. Buy or sell with the intent or effect of apportioning the supply in a monopolistic manner or with a consequent lessening of competition.
4. Buy or sell or act with the intent or effect of manipulating prices in such commerce, or of creating monopoly in or restraining commerce.
5. Conspire with any other persons to apportion territory, purchases, or sales; or manipulate prices in commerce.

The Office of Distribution determines which stockyards are covered by the act. In order to be "posted," a stockyard must have an area of at least 20,000 square feet normally available for handling livestock and must be operated as a public market where interstate shipments of livestock are handled. Until it has been posted by the OD, a stockyard is not bound by the act, but afterward all persons and firms that furnish market agency services (such as selling or buying on commission) and all dealers operating at the yard must register.

Stockyard owners, market agencies, and dealers may not engage in or use any "unfair, unjustly discriminatory, or deceptive practice or devices" while furnishing stockyard services. Unlike many other regulatory statutes, the Packers and Stockyards Act does not specifically define the prohibited practices. Consequently, the OD must decide from the facts presented in each case whether there has been a violation. During the 22 years that the act has been in operation, here are some of the activities of stockyard owners, market agencies, and dealers that have been found to be "unfair or deceptive practices":

- Failure of a commission firm to account properly to the consignor for the proceeds of sale of livestock.
- Use by a commission man for his own purposes of proceeds funds received from sales of shippers' livestock.
- Failure of a dealer to pay for livestock purchased.
- Use of false or misleading advertising by stockyard companies or commission firms to induce shipments of livestock from producers.
- Payments by a commission man to truckers to induce delivery of shipments of livestock to his firm.
- Payments of rebates to shippers by commission firms.
- Alteration or simulation of scale tickets.
- Failure of a commission firm or dealer to honor drafts drawn by authorized agents in payment of livestock purchased for the account of the commissioned firm or dealer.
- Boycott by commission men of certain buyers.
- Sale of consigned livestock by a commission man to an employee.

Commission men must correctly show on their account of sale to the seller all details of the sale, such as the purchaser's name, weight of the livestock, prices received and an accurate statement of all deductions made for commission, yardage, or other charges. By the same token,

the account of purchase that the order buyer gives to the purchaser must contain complete and accurate information about the transaction.

At posted stockyards, bonds are required of market agencies to insure the faithful and prompt accounting to livestock producers and shippers of the proceeds of sales. Bonds are required also of dealers, to insure payment for livestock purchased. This bond requirement is perhaps the outstanding protection the act gives to shippers. On July 1, 1944, when 1,907 market agencies and 2,553 dealers were registered to operate at 202 posted stockyards, the bonds on file approximated 25 million dollars.

The act provides that any person who feels that he has been unjustly dealt with under the act by a stockyard owner, market agency, or dealer may appeal to the OD for a hearing and damages. In addition to claims it handles formally, the OD through its supervisors settles many claims informally and amicably. It should be noted that under the act the reparation provision applies only to stockyard owners, market agencies, and dealers, and not to packers.

Since 1935, the act has provided for the licensing of handlers of live poultry in commerce in cities which have been designated as live poultry markets. The regulation of rates and practices is the same as that relating to livestock.

One of the important provisions to livestock producers is the rate-making authority, under which the rates charged at posted stockyards must be just, reasonable, and nondiscriminatory. The Government may judge the reasonableness of the charges not only by the stockyard companies but by commission men operating at posted yards as well. Reasonable charges have been prescribed for commission services at 11 terminal markets and for stockyard services at 9 terminal markets, with resulting savings of more than a million dollars a year to livestock producers who patronize terminal markets.

To assure mechanical perfection of scales at posted yards, OD maintains a force of trained men who supervise periodic tests and inspections of all scales used at posted yards. This system of checking scales, while important, is no complete assurance that shippers will always receive correct weights. Because even though scales are kept in good condition, correct weights will not be obtained unless the weighmasters know proper weighing methods and want to do a thorough, honest job. Field supervisors at posted stockyards constantly check on weighing practices and instruct weighmasters.

At our large public stockyards livestock valued at hundreds of thousands of dollars changes hands daily on the basis of contracts made orally or even by a nod of the head. Considering the volume and value of the livestock thus handled, the comparative infrequency of disputes over the terms of agreements entered into with such informality speaks

well for the men in the livestock marketing business. Until a transaction is completed and settlement has been made, ordinarily the only documentary evidence of a livestock sale at a public market is the scale ticket. For this reason--so far as livestock transactions are concerned at any rate--the scale ticket has acquired many of the characteristics of a negotiable instrument. Hence, its issuance and use are carefully regulated.

Field supervisors closely supervise all terminal markets and make regular visits to smaller posted markets. What is sought is the maintenance of free, open, and competitive markets (1) where unfair trade practices are kept at a minimum, and (2) where producers can be sure of paying reasonable charges for services by stockyard companies and commission men, and of getting full market value for their livestock.

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WFA TO DRY FROZEN EGG STOCKS

Arrangements to dry WFA's stock of frozen eggs were being made in November. The eggs to be dried were bought to support producers' prices, as required by law. Because they are not now needed in the domestic market, they will be converted into dried eggs for export purposes in order to avoid interfering with the domestic frozen egg market.

This movement of eggs covers approximately 25 percent of all stocks of frozen eggs. Offers will be considered from drying plants meeting WFA's Office of Distribution specifications for producing dried eggs. The powder must be ready for delivery before January 31, 1945. WFA's Washington office will mail all offers and handle all details, but full information will be available at OD's regional offices in New York, Atlanta, Chicago, Dallas, and San Francisco.

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DEVELOP NEW METHOD OF PRESERVING APPLE JUICE

Scientists at the New York State Experiment Station engaged in the development of improved fruit juices assert that either cloudy or clarified apple juice--they strongly object to calling it "apple cider"--can best be preserved by "flash" pasteurization. This process consists of holding the juice in bottles or cans for 1 minute after filling at a temperature of 170° to 175° F., inverting the containers or turning them on their sides for 3 minutes, and then cooling rapidly.

By this method of preservation, much of the original aroma, flavor, and appearance of the freshly pressed apply juice is retained, according to the station specialists. A circular describing the process for both large- and small-scale operations may be obtained upon request from the station at Geneva, N. Y.

WFA AMENDS HOG PRICE-SUPPORT PROVISIONS

WFA has established definite support prices on hogs for markets and buying stations other than Chicago, effective until June 30, 1945, and has extended price-support provisions to hogs weighing from 240 to 270 pounds. The support prices will now apply to Good and Choice butcher hogs weighing from 200 to 270 pounds. Previously they applied to hogs weighing from 200 to 240 pounds.

In line with the Chicago support price of \$12.50 per hundredweight on Good and Choice butcher hogs, which is \$2.25 below the \$14.75 maximum price established by the Office of Price Administration, the support prices for markets other than Chicago and at buying stations will be \$2.25 under the OPA ceilings in effect on November 15, 1944, for these markets and stations.

On October 1 the support price of \$12.50 was established on a Chicago basis for hogs weighing 200 to 240 pounds, but no specific support prices were set up for other markets.

CANNED GRAPEFRUIT JUICE PROGRAM ANNOUNCED

Office of Price Administration civilian ceiling prices for the 1944-45 pack of canned grapefruit juice will be based on the same raw material cost allowance as was used in constructing the 1943-44 civilian ceiling prices, it has been announced by OPA and WFA.

In a program similar to that of last season, WFA will absorb that portion of the canners' cost of raw grapefruit that exceeds the cost reflected in these civilian ceiling prices. However, grower prices paid in excess of the following per ton "on tree" prices will not be absorbed: Florida, \$37.39; Texas, \$25; and California-Arizona, \$21.

WFA will not absorb any raw material costs on grapefruit juice sold to Government agencies. Ceiling prices for such sales will be based on the actual cost of the raw materials up to the grower prices indicated above.

The grower price for Florida grapefruit (\$37.39 per ton) was based on estimates of production made shortly after the October hurricane. Provision was being made in November under the currently announced program for the revision of this grower price should later crop estimates show substantial changes. However, any revised price would not be used as the basis for determining maximum subsidy payments (or ceiling prices for sales of canned grapefruit to Government agencies) until 10 days after it was announced.

BREWER'S YEAST SALVAGE JOB

. . . . By Harry von Loesecke

Improvements in agriculture which might have been shut up in test tubes and experimental laboratories or left as waste had the war not brought them out are in for a good deal of public service, provided the public--and especially the farmer--gets to know their merits.

Take brewer's yeast, for instance. When in late 1942 it became apparent that a protein feed shortage was imminent, War Food Administration specialists could also see a potential supply gushing down the sewers of some 460 U. S. breweries. To match every barrel of beer produced there is about half a pound of waste yeast which is not only a rich source of protein but also contains all the known vitamins of the B complexes as well. It was known that this yeast could be salvaged readily at no great cost and with few critical materials. WFA representatives called on the brewers, pointed out the waste yeast's feed value and the services that brewers could do farmers by providing it for poultry and livestock feed.

Response was quick. Where there was space in the brewery itself, drying facilities were installed. But where brewery quarters were cramped, a central drying plant was set up to which breweries in the vicinity and even for a hundred miles around could send their yeast to be dried.

Before this expansion program began, only about 5 million pounds of brewer's yeast was recovered annually. In contrast, it is estimated that the 1944 production will exceed 12 million pounds.

Besides its value as a feed supplement, brewer's yeast, owing to its unique composition of vitamins and related factors, has a therapeutic value also. Veterinarians used brewer's yeast long before vitamins were discovered. Before yeast was dried, it was used in wet form. Unlike dry yeast, wet yeast is unstable and its use was limited to localities near breweries.

Chemical and vitamin analyses of brewer's yeast indicate that if it has been processed properly, and is therefore of good quality, it will give good results when used in poultry feed rations.

Dried brewer's yeast is one of the richest natural sources of the important vitamins of the B-complex group. It also contains ergosterol, which upon irradiation with ultra-violet rays, is transformed into vitamin D₂. It is also an important source of proteins of high biological value and of minerals such as phosphorus, potassium, magnesium, calcium, and iron.

Brewer's yeast is one of the richest natural sources of vitamin B₁. Deficiencies of this vitamin result in beriberi, polyneuritis, and loss of appetite. Most of its virtues seem to make dried brewer's yeast a perfect feed supplement for poultry. Experiments have indicated that poultry do not mind the bitter taste of the yeast.

It has been discovered also that if hens are deprived of vitamin B₁ the sugar content of their blood reacts abnormally. The animal has relatively little capacity for storing vitamin B₁.

Riboflavin (vitamin B₂) is important and indeed necessary in poultry growth. It is required for egg hatchability, and it prolongs the hen's laying ability. Few of the feedstuffs ordinarily used for poultry contain enough riboflavin for the minimum needs of chicks and pourets during the first few weeks of life--especially if they are closely confined. Dried brewer's yeast is an especially rich source of riboflavin.

Niacin, or nicotinic acid, found in brewer's yeast, acts to prevent specific paralysis in chicks. Pyridoxine, or vitamin B₆, also found in brewer's yeast, is essential to their growth and maintenance. It has been suggested that pyridoxine is essential also to the utilization of unsaturated fatty acids.

Pantothenic acid in brewer's yeast prevents skin inflammation among poultry.

Factors R and S, so termed by Cornell University scientists, also are compounds of the vitamin B complex found in brewer's yeast. Belonging to the group of water-soluble vitamins, they stimulate growth in young poultry and maintain body weight in mature poultry. These factors stimulate egg production and improve the hatchability of eggs to an even greater extent than riboflavin.

Biotin and choline, factors also present in brewer's yeast, are required in turkey nutrition.

The yeast has been found important in calf feeding, too. In tests at Cornell University, calves fed on starters containing yeast grew faster than calves fed on starters containing no yeast. Growth was almost a third greater than is considered normal. The general appearance, condition, and development of the calves on the yeast formulas were at least as good as those on the chick formulas. Indications were that the yeast had no effect on the formula palatability. In terms of nutrient utilization, gains were made more efficiently with than without yeast formulas.

What began as a relief measure, to put waste products to work in the feed supplement, now bids fair to become a permanent addition to the poultry and livestock farmer's stock in trade.

ABOUT MARKETING:

The following reports and publications, issued recently, may be obtained upon request. To order, check on this page the publications desired, detach, and mail to the Office of Distribution, War Food Administration, Washington 25, D. C.

Addresses

Reports

- A Consumers' Guide to U. S. Standards for Farm Products.
September 1944. 21pp. (printed)

Dairy and Poultry Market Statistics, 1943. August 1944. 40pp. . .
(processed)

Cotton--Acreage, Yield, and Production--1942 and 1943, by Counties.
(Bureau of Agricultural Economics) November 1944. 29pp. . . .
(processed)

Maximum Prices with Respect to Agricultural Commodities.
(Statement by Robert H. Shields, Solicitor, for 22nd Annual
Outlook Conference) November 15, 1944. 27pp. (processed)

Agricultural Outlook Charts. (Bureau of Agricultural Economics). . .
November 1944. 100pp. (processed)

Outlook issues of the following BAE Situation Reports are available:

National Food	Dairy	Wheat
Fruit	Feed	Fats & Oils
Egg & Poultry	Livestock & Wool	Vegetable

Preventing Cotton-Press Damage. Leaflet No. 241. 8pp. (printed)

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